

Thai Beverage PLC

A slow start



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SINGAPORE | CONSUMER | 1Q25 UPDATE

17 February 2025

- Results were within expectations. 1Q25 revenue/EBITDA were 25/30% of our forecasts. Due to poor performance in spirits, we expect PATMI to be below estimates.
- Spirits is 48% of EBITDA and a much larger 75% of PATMI due to the high minority stake and interest expense of the beer business. Spirits volume declined 6.2% YoY in 1Q25, the weakest in 8 quarters. We believe this is in part due to overstocking in the prior quarter.
- We downgrade our recommendation from BUY to ACCUMULATE. Our earnings forecast is maintained, but the target price has been lowered to S\$0.56 (prev. S\$0.64). We are reducing our target PE from 14x to 12x PE FY25e, or back to 4-year average forward PE. We believe the sluggishness of earnings and modest improvement in consumer spending will keep valuation multiples depressed. Spirit volumes have been on a declining trend for the past three years.

Results at a glance

THB bn	1Q25	1Q24	YoY	Comments
Revenue	92.3	90.1	2.4%	
- Spirits	32.2	33.9	-4.8%	Volume -6.2% YoY to 161.7mn litres.
- Beer	36.1	33.4	8.0%	Volume +11.8% YoY to 650mn litres,
- Non-alcoholic beverages	17.0	15.8	7.2%	Volume +7.5mn YoY.
- Food	5.7	5.6	2.2%	New stores.
EBITDA	16.4	16.6	-0.8%	
- Spirits	7.9	9.0	-12.0%	
- Beer	4.4	3.8	16.6%	
- Non-alcoholic beverages	3.3	2.9	15.6%	
- Food	0.7	0.7	-6.6%	
EBITDA margins				
- Spirits	24.7%	26.7%	-2.0%	
- Beer	12.3%	11.4%	0.9%	Lower raw material costs.
- Non-alcoholic beverages	19.7%	18.2%	1.4%	Production efficiency and lower costs.
- Food	11.6%	12.7%	-1.1%	Raw material and labour cost.

Source: Company, PSR # No analyst briefing and limited financials were provided in the 1Q25 update.

The Positive

+ Sustained beer recovery. Beer volumes have been above 600mn litres for the past two quarters. Macro recovery in Vietnam and the rebound in tourist spending in Thailand have helped. The rebound of 1Q25 volume was due to poor base effects. We only expect 4% volume growth in 2025 due to intense competition.

The Negative

- Weak spirit demand. Spirits suffered the largest volume decline in two years. We believe there was some channel stuffing in the prior quarter. Excluding seasonal effects, spirit volumes have been declining from an annualised 690mn litres in 3Q21 to 630mn litres, or the lowest since almost six years ago.

Outlook

We expect FY25e to be a year of recovery largely due to improving macro conditions and government spending. Gross margins should be stable, with the pressure only from aluminium cans. Malt and molasses costs will be refreshed with lower-cost inventory. Operating margins remain under pressure from competitive advertising and promotional spending. We worry that the structural decline in spirit demand and competitive pressure in the beer segment will depress valuations.

Downgrade to ACCUMULATE from BUY with a lower TP of S\$0.56 (prev. S\$0.64)

ACCUMULATE (Downgraded)

LAST CLOSE PRICE	SGD 0.505
FORECAST DIV	SGD 0.026
TARGET PRICE	SGD 0.560
TOTAL RETURN	16.0%

COMPANY DATA

BLOOMBERG CODE	THBEV SP
O/S SHARES (MN) :	25,130
MARKET CAP (USD mn / SGD mn) :	9444 / 12691
52 - WK HI/LO (SGD) :	0.6 / 0.43
3M Average Daily T/O (mn) :	23.50

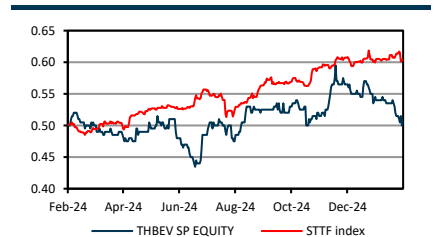
MAJOR SHAREHOLDERS

Siriwana Co Ltd	45.2%
Siriwanan Co Ltd	20.6%
MM Group Ltd	7.1%

TOTAL PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	(3.2)	(0.4)	(4.9)
STTF	2.8	4.7	2.9

PRICE VS STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Sep	FY23	FY24	FY25e	FY26e
Revenue (THB bn)	332.9	340.3	361.9	383.3
EBITDA (THB bn)	49.5	52.3	55.2	58.2
NPAT, adj. (THB bn)	27.4	27.2	29.6	32.5
EPS, adj. (THB)	1.09	1.08	1.18	1.29
EPS, adj. (SCents)	4.25	4.01	4.71	4.97
PER, adj. (x)	11.9	12.6	10.7	10.2
P/BV, (x)	1.6	2.3	2.0	1.9
DPS (THB)	0.60	0.62	0.65	0.71
DPS (SCents)	2.33	2.30	2.59	2.74
Div Yield	4.6%	4.5%	5.1%	5.4%
ROE	13.5%	15.5%	19.0%	19.1%

Source: Company, PSR

Valuation Method

12x PE FY25e

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Financials

Income Statement

Y/E Sep, THB mn	FY22	FY23	FY24	FY25e	FY26e
Revenue	272,359	332,931	340,289	361,861	383,273
Gross profit	80,456	98,687	103,208	108,242	113,994
EBITDA	46,344	49,549	52,304	55,236	58,173
Depreciation & Amortisation	-7,761	-7,743	-11,338	-11,767	-12,402
EBIT	38,583	39,521	42,103	43,469	45,771
Associates & JVs	5,044	4,994	5,576	2,850	3,000
Other items	979	1,843	1,395	1,086	1,150
Net Finance Inc/(Exp)	-4,665	-5,116	-6,058	-5,968	-5,393
Profit Before Tax	39,941	41,242	43,016	41,436	44,528
Taxation	-5,436	-6,179	-7,746	-7,459	-8,015
Profit After Tax	34,505	35,063	35,270	33,978	36,513
- Non-controlling interest	4,399	7,629	8,055	4,417	4,016
Net profit, reported	30,106	27,434	27,216	29,561	32,496
Net profit, adj.	30,106	27,434	27,216	29,561	32,496

Per share data (THB)

Y/E Sep	FY22	FY23	FY24	FY25e	FY26e
EPS, reported	1.20	1.09	1.08	1.18	1.29
EPS, adj.	1.20	1.09	1.08	1.18	1.29
DPS	0.60	0.60	0.62	0.65	0.71
BVPS	8.19	8.00	5.94	6.47	7.05

Per share data (SGD Cents)

Y/E Sep	FY22	FY23	FY24	FY25e	FY26e
EPS, reported	4.66	4.25	4.01	4.71	4.97
EPS, adj.	4.66	4.25	4.01	4.71	4.97
DPS	2.33	2.33	2.30	2.59	2.74
BVPS	31.87	31.14	21.99	25.87	27.11

25.0

Cash Flow

Y/E Sep, THB mn	FY22	FY23	FY24	FY25e	FY26e
CFO					
EBIT	38,583	39,521	42,103	43,469	45,771
Depreciation & Amortisation	7,761	7,743	11,338	11,767	12,402
WC changes	-7,902	-5,169	-7,902	-498	2,243
Tax paid	-7,563	-7,563	-8,006	-7,459	-8,015
Others	1,394	2,286	1,685	1,086	1,150
Cashflow from ops	32,272	39,103	38,079	48,365	53,551
CFI					
CAPEX, net	-3,356	-8,526	-9,088	-6,152	-6,516
Others	-7,116	1,673	10,575	1,946	2,242
Cashflow from investments	-10,472	-6,852	1,487	-4,205	-4,274
CFE					
Share issuance, net	0	0	-18	0	0
Loans, net of repayments	-14,466	-10,230	-7,493	-15,915	-15,635
Dividends	-14,674	-20,099	-21,106	-18,258	-19,873
Others	-1,530	-1,879	-3,121	0	0
Cashflow from financing	-30,671	-32,208	-31,738	-34,173	-35,508
Net change in cash	-8,871	42	7,829	9,986	13,769
Effects of exchange rates	-1,049	906	-2,247	0	0
CCE, end	5,459	26,415	31,997	41,983	55,752

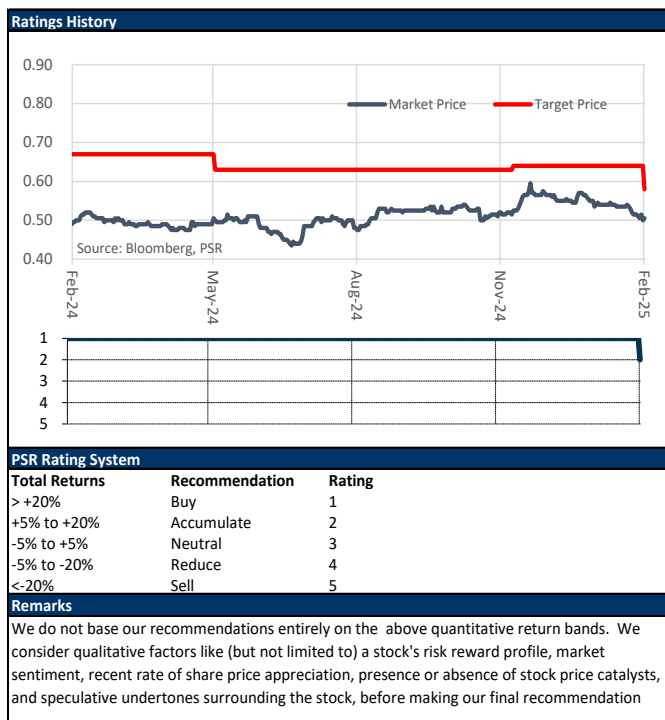
Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

Y/E Sep, THB mn	FY22	FY23	FY24	FY25e	FY26e
ASSETS					
PPE	59,176	83,891	83,264	77,648	71,762
Intangibles	205,830	222,116	198,519	198,519	198,519
Investments in Assoc/JV	112,630	139,966	73,134	75,984	78,984
Others	19,460	26,036	27,539	27,539	27,539
Total non-current assets	397,096	472,009	382,457	379,691	376,805
Accounts receivables	6,719	18,023	19,290	20,577	12,007
Cash	51,867	57,253	54,065	64,052	77,821
Inventories	46,073	61,021	63,003	62,536	66,398
Others	6,035	4,088	8,778	8,778	8,778
Total current assets	110,693	140,386	145,136	155,943	165,003
Total Assets	507,789	612,395	527,593	535,634	541,808
LIABILITIES					
Accounts payables	24,126	34,806	35,124	35,446	32,980
Short term loans	57,122	73,590	64,420	56,420	48,420
Others	7,882	11,829	9,237	9,237	9,237
Total current liabilities	89,129	120,224	108,781	101,103	90,637
Long term loans	153,017	161,675	172,019	172,019	172,019
Others	16,254	17,459	17,739	17,739	17,739
Total non-current liabilities	169,271	179,134	189,757	189,757	189,757
Total Liabilities	258,400	299,358	298,538	290,860	280,394
EQUITY					
Non-controlling interests	43,640	111,938	79,847	82,264	84,280
Shareholder Equity	205,748	201,099	149,208	162,511	177,134

Valuation Ratios

Y/E Sep	FY22	FY23	FY24	FY25e	FY26e
P/E (X), adj.	10.8	11.9	12.6	10.7	10.2
P/B (X)	1.6	1.6	2.3	2.0	1.9
EV/EBITDA (X), adj.	4.4	5.9	5.0	4.5	3.9
Dividend Yield	4.6%	4.6%	4.5%	5.1%	5.4%
Growth & Margins					
Growth					
Revenue	13.2%	22.2%	2.2%	6.3%	5.9%
EBITDA	11.4%	6.9%	5.6%	5.6%	5.3%
EBIT	14.2%	2.4%	6.5%	3.2%	5.3%
Net profit, adj.	22.2%	-8.9%	-0.8%	8.6%	9.9%
Margins					
Gross margin	29.5%	29.6%	30.3%	29.9%	29.7%
EBITDA margin	17.0%	14.9%	15.4%	15.3%	15.2%
EBIT margin	14.2%	11.9%	12.4%	12.0%	11.9%
Net profit margin	11.1%	8.2%	8.0%	8.2%	8.5%
Key Ratios					
ROE	16.0%	13.5%	15.5%	19.0%	19.1%
ROA	6.1%	4.9%	4.8%	5.6%	6.0%
Net Debt/(Cash)	158,271	178,012	182,373	164,387	142,617
Net Gearing	63.5%	56.9%	79.6%	67.2%	54.6%



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